

FEATURE – FOOD PRICES GOING UP

INTRO: A U-S Department of Agriculture economist says food prices are going up this year. The USDA's Bob Ellison has more. (1:26)

EXPECT THAT TRIP TO THE GROCERY STORY TO GET MORE EXPENSIVE. THE U-S DEPARTMENT OF AGRICULTURE'S ECONOMIC RESEARCH SERVICE SAYS FOOD PRICES SHOULD RISE FOUR PERCENT ACROSS THE BOARD WITH MEAT AND DAIRY PRICES LEADING THE WAY.

Ephraim Leibtag, USDA ERS: Meat and dairy prices are on the higher end there so some above four or five or even six percent. Pork right now is the highest that we are forecasting for an increase in twenty-eleven. But all of the meat products since they have animal feed as a big ingredient into their production costs. Those are going up a lot so the meat prices are going up, dairy prices as well.

AND ALTHOUGH PRICES IN THE OTHER FOOD AISLES SHOULD NOT BE GOING UP AS MUCH AS MEAT AND DAIRY, CONSUMERS WILL BE PAYING MORE THROUGHOUT THE STORE.

Leibtag: We'll have fruit and vegetable prices that are rising a little bit faster than normal over the next three months or so. By the middle of the year most likely we'll most likely start to see those things return to kind of what we would normally expect. The costs for grain products and that feeds into breads and pastas and cereals are all going up.

LEIBTAG SAYS HIGHER DEMAND, PRODCUTION AND INPUT COSTS ARE PUSHING FOOD PRICES HIGHER.

Leibtag: Right now, higher costs are one of the main factors. Another factor is we are coming out of recession, now we are seeing consumer demand increasing for food. And also we've seen higher commodity costs for oil and energy for corn and wheat and therefore transportation and packaging costs are going to go up, the raw ingredients are going to go up, the processing costs are going to go up and so those higher costs push into higher prices.

IN WASHINGTON D-C FOR THE U-S DEPARTMENT OF AGRICULTURE I'M BOB ELLISON.